

Equipment and Materials Use Beyond a Period of Obligation for
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Following is a question and answer forwarded by the federal program staff and an illustration that was prepared with regard to equipment and materials when an Even Start project is no longer funded. Emphasis has been added.

May Even Start projects that are ending continue to use materials and equipment purchased with federal Even Start funds?

For state-administered Even Start programs, the answer is governed by the following provisions of the Education Department General Administrative Regulations (EDGAR):

Equipment (EDGAR, section 80.32(b)): This section provides that the state will use, manage, and dispose of equipment acquired under a federal grant by the state in accordance with state law and procedures. If the state does not have any specific law or procedures on the subject (which is the case in Michigan), the state may choose to follow the EDGAR provisions that govern other grantees (section 80.32(c)), which provide that equipment shall be used by the subgrantee in the program or project for which it was acquired as long as needed, whether or not the program or project continues to be supported by federal funds, and that when no longer needed for the original program or project, the equipment may be used in other activities currently or previously supported by a federal agency.

Materials (EDGAR, section 80.33 - Supplies): This section provides that if there is a residual inventory of unused supplies exceeding \$5,000 in total aggregate fair market value upon termination or completion of the award, and if the supplies are not needed for any other federally-sponsored programs or projects, the subgrantee (the project) shall compensate the awarding agency (the state) for its share. If the excess supplies are needed in any other federally-sponsored program or project, the supplies may be transferred to that program or project without any further need for compensating the awarding agency.

To further clarify, if an Even Start project has equipment (an item still valued at over \$5,000 when depreciation is taken into account) purchased with Even Start funds, it can continue to be used for the family literacy program for which it was purchased, regardless of whether Even Start funds continue to flow to the program. Should the family literacy program discontinue, then the equipment can be used for *activities* that are currently, or have previously been supported with federal funds.

Further, if you pull all the inventory together of everything else with a value under \$5,000, and that combined fair market value is greater than \$5,000, then you have to pay the state for the amount expended from the federal award for the items. The easier option is to transfer the supplies/materials to any other federally-sponsored project for that project's use. So, if there are materials left in inventory, the partnering LEA could accept those materials for use in programming under other parts of the No Child Left Behind Act, i.e., Title I, Part A; Title I, Part C (Migrant); Title III (Language Acquisition); or to those agencies providing Title I, Part D (Delinquent) services. These examples are in no way meant to be exhaustive, and only represent federal sources managed through the Department of Education.

